

Washington State Health Care Authority

ADVISORY TEAM MEETING SUMMARY

K-12 HEALTH BENEFITS PROJECT

WEDNESDAY, NOVEMBER 29, 2011

PUGET SOUND EDUCATIONAL SERVICES DISTRICT

800 OAKESDALE AVENUE SW, RENTON, WA 98507

9 A.M. – NOON

PURPOSE:

- Present the selected system design elements
- Present the system design cost modeling
- Provide a high level overview of the operations and implementation plan
- Provide overview of the Report distribution

Meeting Facilitators:

John Williams, HCA
Mary Fliss, HCA
Michael Pickett, Point B
Tim Barclay, Milliman
Linda Blankenship, Camray Consulting
Peter Summerville, rialto-Pyramid
Denise Rhiner, rialto-Pyramid
Lisa Kagan, rialto-Pyramid

Additional Resources:

<http://www.hca.wa.gov/k12report>

Materials Distributed:

- Agenda
- The Draft Report Elements
 - Project Overview
 - Purchasing Strategy Synopsis, Implementation Plan Summary, List of Impacted Existing Statutes, Federal Accountable Care Act Impact
 - Financial Modeling
 - Scenario Discussion: K-12 as Part of PEBB
 - Risk Management, Governance, Cost Sharing, Benefit Plan Portfolio, Participation Requirements, Eligible Entities
 - Case Studies: Oregon, Texas, New Jersey

Present in the meeting in-person or conferenced-in:

Tim Barclay, Milliman, Inc.
Michael Binyon, Spokane Public Schools
Linda Blankenship, Camray Consulting, LLC
Debbie Campbell, WA Association of School Business Officials/Sumner SD
Cindy Coleman, Spokane Public Schools
Sean Corry, School District benefits broker (from Sprague Israel Giles)
Mitch Denning, Alliance of Educational Associations (WASBO)
Christian Dube, International Union of Operating Engineers local 286
Lyn Felker, Premiera Blue Cross

Amy Fleming, Puget Sound Educational Service District
Mary Fliss, Health Care Authority
Lisa Kagan, Pyramid Communications
John Kvamme, WA Association of School Administrators/AWSP
Debra Long, WA State School Directors' Association (Boards)
Linda McDermott, Spokane Public Schools
Kay McGinnis, Kaiser Permanente
Thad Mick, ODS Health
Merilee Miron, American Federation of Teachers Washington
Nancy Moffat, WA Association of School Business Officials
Doug Nelson, Public School Employees of WA SEIU 1948
Kelley Nybo, Auburn SD
Randy Parr, WA Education Association
Meg Paul, Aon Hewitt
Michael Peterson, The Sound Partnership (Tacoma Public Schools)
Michael Pickett, Point B (Consultant)
Molly Ringo, Everett Benefit Trust/Everett School District
Mark Rose, WA Association of Health Underwriters/The Partners Group
Jim Stevenson, Health Care Authority
Marie Sullivan, WA State School Directors' Association (Boards)
Peter Summerville, rialto
Jae Suzuki, Premera Blue Cross
David Westberg, Joint Council of Stationary Engineers
Sean White, Mercer Consulting
John Williams, Health Care Authority
Elaine Williams, Seattle Public Schools
Representatives from Cheney School also listened in.

MEETING SUMMARY:

Review and Discussion of Report Content and Report Distribution Process

John Williams provided an overview of the design element report sections that have been distributed, indicating that these are 90 percent of the report. The report will go through multiple reviews, starting with the HCA director and followed by the Office of Financial Management (OFM) after which it will be sent to the Legislature. As of the meeting, comments were still being collected across the project teams.

System Design Cost Modeling

Tim Barclay provided an overview of the cost modeling. The K-12 report makes no attempt to assess the funding rate. It takes a snapshot of the 2010 school year and presents what it would look like within a consolidated system. When the term “employer contribution” is used, it is referring to the various funding contributions—state monies, levies, etc. It is beyond the scope of this particular project to break the employer contribution down by source. Tim also discussed the data reconciliation process. Tim mentioned that WSIPC sent a snapshot of the current school year and that HCA saw the migration from the richer plans to the leaner plans that several people have mentioned.

Tim reviewed a number of tables in the report. Pooling would go away in a consolidated system. Choices about coverage would matter and affect what districts will pay. For example, if an employee chooses

family coverage, the district might pay 85 percent of the employee premium and 65 percent of the family premium, which is based on the WEA-Premera Plan 2 and is being used as a benchmark in the report.

Tim explained that in building the model, additional costs had to be shifted to employees to pay for additional dependents. It was suggested that to get dependents insured in the first year, would it be possible to do it cost neutrally. Tim recapped two solutions so far: build the model with more conservatism and hold harmless (re-insurance pooling mechanism). Another team member stated that the money changes every year and that the Legislature needs to understand there is some risk to districts.

John indicated the proposal does not change the bargaining for the arrangement of which benefits the districts offer employees. The nature of some of the discussions about benefits may change, but there would be lots of discussions about who gets what and who pays what.

HCA received good feedback on opt-out options outside the meeting. John indicated work group members who reviewed the proposal provided a specific list of criteria for a scenario in which districts could opt out of a mandatory program. However, internal teams thought it was too much detail and too soon. It's important that the proposal stays on the policy level.

John mentioned that HCA has stressed to districts that it wants to collect data to build as complete a database as possible. Once the report is published, discussions about the details of the system and benefits program will begin. Having a complete database will allow HCA to be ready to answer questions from the Legislature in eight hours or less—which is the nature of the Legislative session. John asked that members please encourage their counterparts to send the data to support this.

Retirees will not be addressed in the report, as the data and analysis for doing so is not sufficient to make recommendations. HCA will tell the Legislature that including retirees has big financial implications.

John outlined four areas that will be added to the report based on the day's conversation, including high points about the current K-12 system, broker services, what the Legislature can do through statute, and administrative costs (for which there is insufficient data). There will not be savings in any form if the program doesn't start and there will be no savings in the first year.

Overview of Operations and Implementation plan

HCA aimed to design implementation with transparency, equity and cost effectiveness in mind. The team looking at implementation examined moving all K-12 employees into PEBB and also a separate system for K-12 employees. The final implementation plan was built around the proposed separate consolidated system. The plan was created to leverage what is working well and minimize the district time commitments. Enrollment, eligibility, communications with enrollees and payment to carriers would still be done with systems in place. In the proposed system, HCA would design, procure, and have available client services to districts. An online system would be employed, and enrollments would be fed into the current WSIPC system. Payment would go to carriers. Data would go to a data warehouse. Data would be used to do financial projections to improve benefit design and negotiations with carriers. This is a significant lift so the plan is for an 18-month start-up.

John expressed HCA's appreciation for the helpful and constructive participation of members of the Advisory Team. HCA thanks the members of the Advisory Team for their participation in the project.